

TOWN OF ERIE POPULAR ANNUAL FINANCIAL REPORT

ERIE, COLORADO

2008 ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008



Financial Report Message

The Popular Annual Financial Report highlights accomplishments in 2008 that were key to maintaining Erie as a quality town that is not only a great place to live, work and play but also financially viable for the short and long term. This report is an overview of the financial position of the Town. Information presented here is in summarized and condensed form.

AMENITIES The opening of the Erie Community Center (ECC) kicked off an exciting year of progress in Erie. During its first year, the ECC welcomed 180,000 guests. Other highlights include the design of the 40 acre Erie Community Park; the Parks, Recreation, Open Space & Trails Master Plan Update; and the continued development of the Town's growing network of trails.

FINANCIAL STEWARDSHIP The 1997 Wastewater Revenue Bonds were refinanced resulting in a savings of \$192,943 of future interest

costs. The Town continues to maintain the ratings of A1 from Moody's Investor Services and A+ from Standard & Poor's, which were initially assigned to the General Obligation Bonds issued in 2006. The Finance Department implemented the first phase of a new comprehensive financial software system.

ECONOMIC DEVELOPMENT Economic activity showed measurable strides as commercial building permits accounted for approximately 100,000 sq. ft. of new non-residential space. Retail/office development at the Four Corners, Erie Commons, Coal Creek Center, and Highway 7 accounted for approximately \$1.4 million in revenue in associated fees.

INFRASTRUCTURE The Town completed the \$15 million raw water pipeline and pump station project on time and on budget. The pipeline assists Erie in meeting high consumer demand during peak season and allows Erie to meet build out demand as identified in the

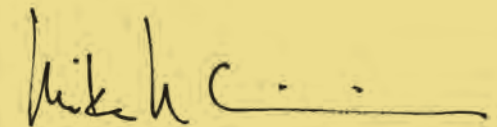
Town's Comprehensive Master Plan. Wastewater revenue bonds were issued to finance the construction of the North Water Reclamation Facility ensuring sufficient treatment capacity for Erie's current and future residents.

Going forward, our challenges include financing a new north water reclamation facility and securing raw water rights for Erie's future residents. These challenges have been anticipated and the Town is financially poised to handle them.

Sincerely,



Molly Kostelecky, Finance Director



Mike N. Acimovic, Town Administrator



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The complete Annual Budget and Comprehensive Annual Financial Report are available at Town Hall and the Town's website www.erieco.gov.

Community Profile

QUALITY COMMUNITY

"Erie is a community which recognizes the importance of conserving and enhancing its historic small town character, the roots from which it grew, preserving the natural environment in which it resides; a caring community which offers its residents an environment in which to seek a high quality of life; a balanced community with a diverse range of housing, employment, educational, shopping and recreational opportunities; and a vital community which provides financial and social support for quality of life programs."

- Town of Erie Comprehensive Plan

Quality of Life

Situated in the heart of Colorado's major population centers and in close proximity to world-class academic institutions, Erie is a full-service community providing state of the art infrastructure to our citizens.

Outdoor buffs, young professionals, growing families, and active seniors are drawn to our expansive mountain views, scenic trails, championship golf course and 340 days of sunshine per year. And with the opening of the Erie Community Center and Public Library, Erie's quality of life keeps getting even better.



ERIE QUICK FACTS

Services: Police, Water, Sewer, Streets, Storm Drainage, Airport, Parks, Recreation, Open Space

Form of Government: Board of Trustees/Town Administrator

Governing Body: Mayor elected at large to a two-year term; 6 Trustees elected at large to a four-year term

Population - 2008: 17,000

Number of Households - 2008: 6,228

Median Age: 32.5

Median Household Income: \$87,284

Planning Area (square miles): 48

Incorporated (square miles): 17.5

Acres of Parks and Open Space: 332

2008 Operating Budget: \$106,460,600

Employees: 258 (FTE 135)

2008 Town Operating Mill Levy: 7.288

2008 Trails and Natural Areas Construction: 4.00

2008 Erie Community Center Construction Bond: 6.994

2008 Total Mill Levy: 18.282

2008 Town Sales and Use Tax Rate: 3.50%

Incorporated: 1874



Community Profile

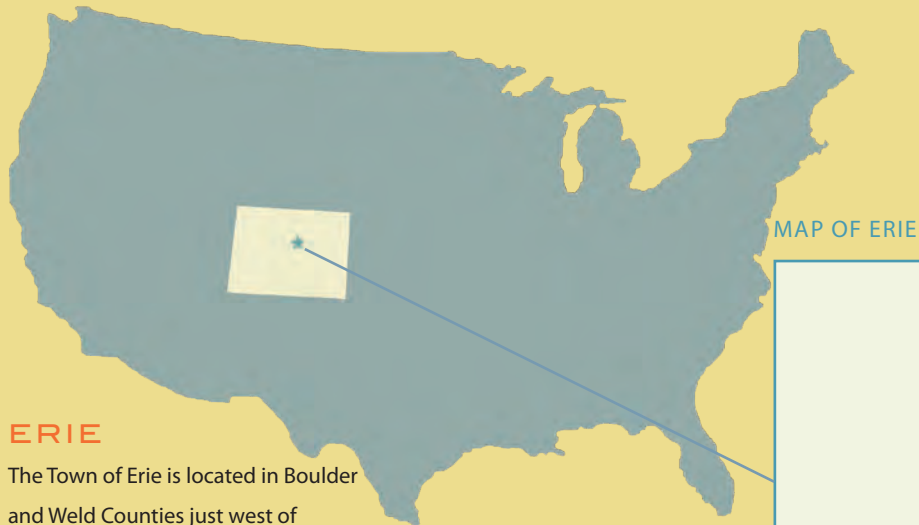
WHAT THEY'RE SAYING

"With the opening of a new 63,000 square foot community center and a 20,000 square foot library, Erie is blossoming. It's a better home for its residents, and a more attractive place for the businesses and people considering a move there."

- Longmont Times-Call,
January 2008



Location



MAP OF ERIE

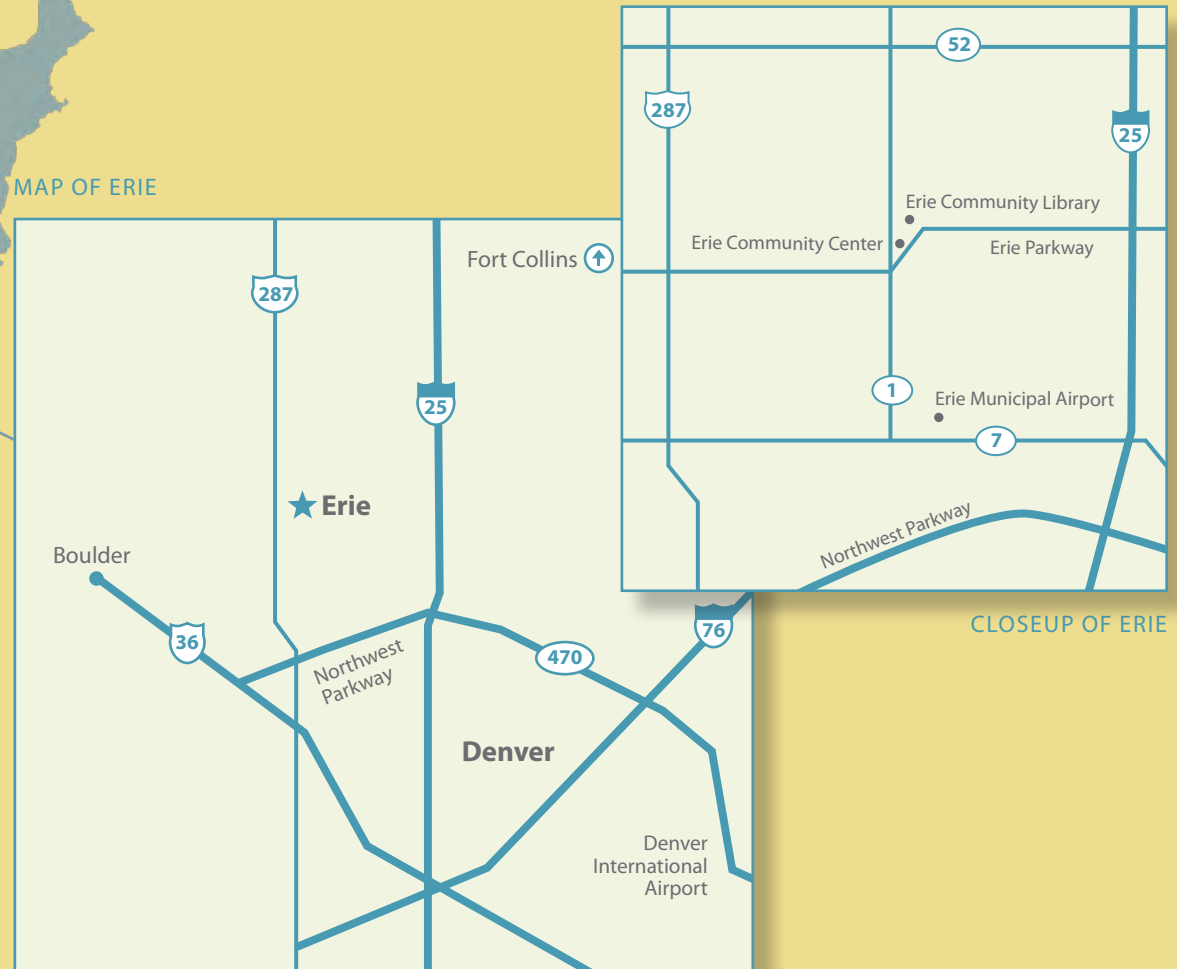
ERIE

The Town of Erie is located in Boulder and Weld Counties just west of I-25 for easy access to I-70, Denver International Airport and Colorado's entire Front Range. Erie's Planning Area spans 48 square miles, extending from the north side of State Highway 52 south to State Highway 7, and between US 287 on the west and Interstate 25 to the east.

35 Minutes to DIA

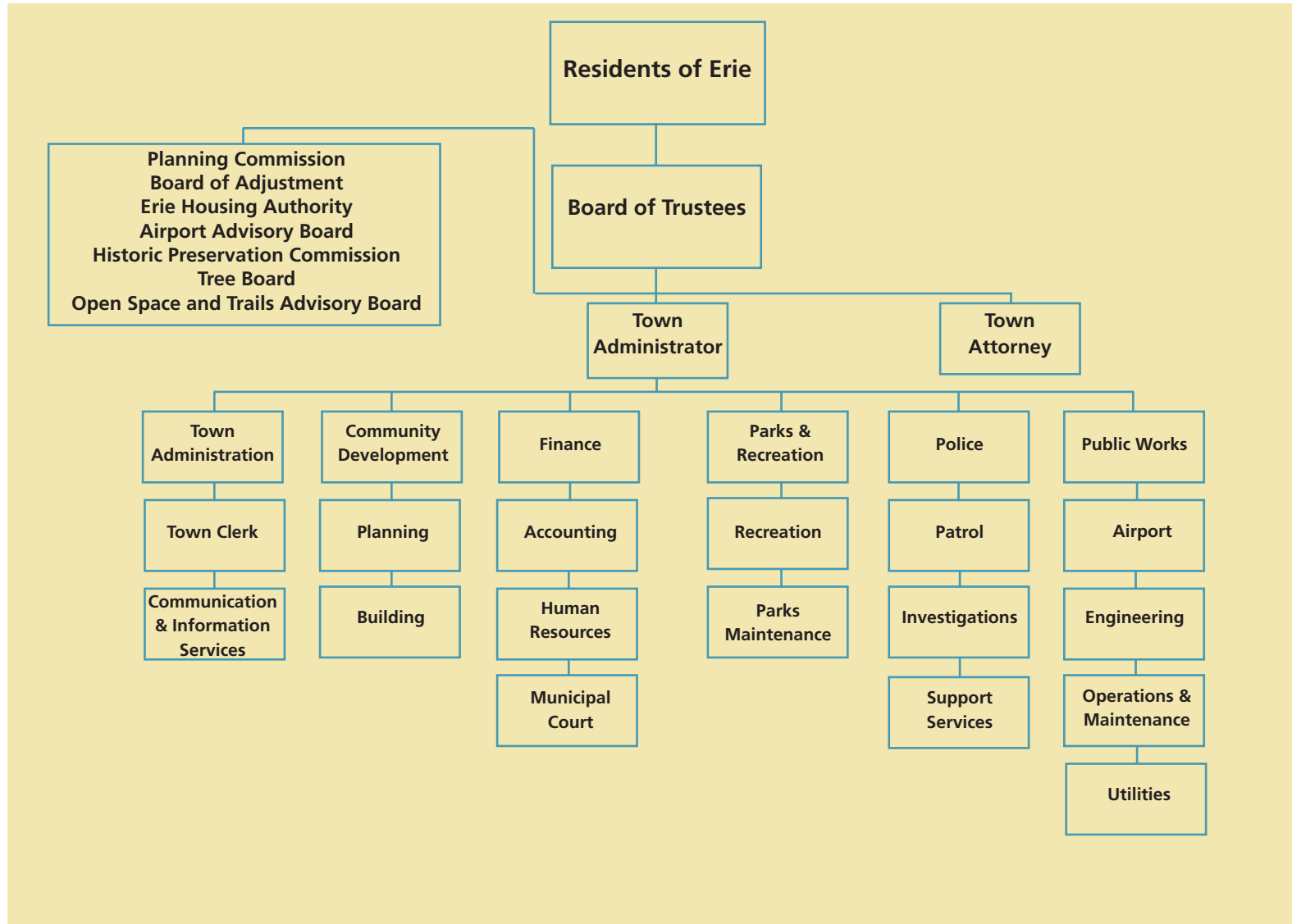
25 Minutes to Denver

20 Minutes to Boulder



CLOSEUP OF ERIE

Organizational Chart



Leadership



BOARD OF TRUSTEES

Photo from left to right: Trustee Cheryl Hauger, Trustee Harry Pink, Trustee Colin Towner, Trustee Paul Ogg, Mayor Andrew J. Moore, Trustee Tina Harris, Mayor Pro Tem Glenn Massarotti.

ADMINISTRATION

Mike N. Acimovic
Town Administrator

Mark Shapiro
Town Attorney

Nancy Parker
Town Clerk

R. Martin Ostholthoff
Community Development Director

Molly Kostelecky
Finance Director

Jill Wait
Parks & Recreation Director

John Hall
Chief of Police

Gary Behlen
Public Works Director

Board of Trustees Goals

THE BOARD OF TRUSTEES SERVES AS THE LEGISLATIVE AND GOVERNING BODY OF THE TOWN OF ERIE. IT IS RESPONSIBLE FOR ESTABLISHING TOWN POLICIES AND GOALS. THE GOALS GIVE DIRECTION TO TOWN STAFF FOR CONDUCTING THE BUSINESS OF THE TOWN.

1. Manage the direction and rate of growth to achieve quality, predictability and sustainability.
2. Continue to establish municipal land use boundaries to achieve community, stability and economic security.
3. Continue to enhance recreational and cultural amenities for all Erie citizens.
4. Fund and provide essential infrastructure that corresponds with the planned rate of growth.
5. Manage Erie's financial operation in an open, responsible and ethical manner.
6. Develop additional and promote proactive fluid communication between government and the citizens of Erie.
7. Support educational opportunities for all of Erie's citizens.
8. Maintain a safe community in which to live, work, and play.
9. Manage resources to maximize utilization of people, energy, and capital.

Awards

GFOA Distinguished Budget Presentation Award - 2004, 2005, 2006, 2007, 2008, 2009

American Public Works Association Award for Management Excellence - 2008
Detention Facility 1045

American Public Works Association Award for Management Excellence - 2008
Erie Community Center

American Public Works Association Award for Management Excellence - 2008
Irrigation Audit Kits

National Arbor Day Foundation Award - 2008 (10th Year)
Tree City USA

Best of The West "Best Recreation Center", People's Choice and Editor's Choice - 2008
Yellow Scene Magazine

GFOA Award for Excellence in Financial Reporting - 2004, 2005, 2006, 2007

GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting - 2007

American Planning Association's Outstanding Planning Project Award - 2007
Comprehensive Plan Update/Unified Development Code

American Council of Engineering Companies Engineering Excellence Award - 2007
Water Treatment Facility Expansion Project

Governor's Award for Downtown Excellence - 2006
Concerts in the Park Series

State Treasurer's Award for Excellence in Financial Management - 2006

Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

**Town of Erie
Colorado**

for the Fiscal Year Ended

December 31, 2007



Tim L. Rott
President
Jeffrey L. Esser
Executive Director

Accomplishments

2008 WAS AN EXCITING YEAR IN TERMS OF ACCOMPLISHMENTS. THE ERIE COMMUNITY CENTER OPERATED ITS FIRST YEAR AND WELCOMED 180,000 VISITORS; THE POLICE DEPARTMENT RESPONDED TO 7,912 CALLS FOR SERVICE; AND THE FINANCE DEPARTMENT IMPLEMENTED NEW FINANCIAL SOFTWARE. BELOW IS A SUMMARY OF MANY OF THE ACCOMPLISHMENTS COMPLETED DURING 2008.

BUILDING SERVICES

- Inspections - 7,891
- Permits Issued (All Types) - 865
- Contractor Licenses Issued - 195
- Code Enforcement Cases - 43
- Adoption of 2006 International Bldg. Codes
- Adoption of 2008 National Electrical Code
- Implementation of Solar Voltaic Codes
- Records Management System Upgrade

COMMUNICATION

- Annual Report
- Website Visitor Sessions - 1,125,203
- On Demand Streaming Video - 1,731 Views
- Weekly E-News Updates - 52
- LIVE Televised Meetings - 46
- Erie Edition Newsletter - 6
- Board of Trustees Action Items - 23
- Media Releases & Community Notices - 79

COMMUNITY DEVELOPMENT

- Land Annexation - 390 Acres (Approximate)
- Commercial Space - 100,000 sq. ft. (Approximate)
- Managed Adoption of Natural Areas Inventory
- Xcel Energy Sub-Station Brought On-Line
- Amendments to Title 10 (UDC)
- Implementation of New Software System

ECONOMIC DEVELOPMENT

- Economic Development Plan
- Economic Development Liaison
- Business Licenses Issued - 396

FINANCE

- Grant Awards - \$305,000
- Financial Software System Conversion
- Employee Recognition Programs Initiated
- 2009 Budget

OPEN SPACE AND TRAILS

- Natural Areas Inventory
- Open Space & Trail Construction
- Spine Trails System

PARKS & RECREATION

- Erie Community Center Grand Opening
- Erie Community Center Visitors - 180,000
- Recreation Program Participants - 37,000
- Special Events Attendance - 27,000
- Bark in the Park
- Trunk or Treat
- Concerts in the Park
- Erie Community Park Site Master Plan
- Parks, Recreation, Open Space & Trails Master Plan
- Tree Incentive Program (New Trees Planted) - 804
- New Online Work Order System
- Christmas Tree Recycling (Trees Recycled) - 600

POLICE

- Calls for Service - 7,912
- Community and Police Partnership
- "Story Time with Officer Mike"
- New Police E-Newsletter
- Neighborhood Watch
- Citizen's Police Academy

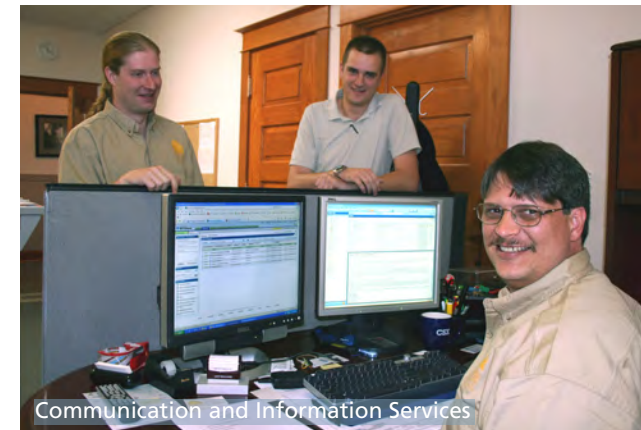
- Cops, Coaching & Character
- National Night Out
- Neighborhood Police Officer Program

PUBLIC SAFETY

- Hazard Mitigation Plan Adoption
- Emergency Preparedness Checklist
- Mosquito Control
- Incident Management Systems Training

PUBLIC WORKS PROJECTS

- Water Conservation Plan
- Non-Potable Water Master Plan
- Water Reclamation Facility Optimization
- Raw Water Pipeline & Pump Station
- Transportation Master Plan
- Street Striping - 61 Miles
- Regional Detention Pond Construction
- Spring and Fall Clean-Up
- By-Pass Channel
- Street Maintenance Program
- Residential Water Meter Replacement (700)
- Flood Control Improvements
- Residential Irrigation Audits



Balance Sheet

More formally referred to as the Statement of Net Assets, the Town's balance sheet reflects a strong and healthy financial condition as of December 31, 2008. The assets of the Town exceeded its liabilities at December 31, 2008, by \$253 million (net assets). While the total assets increased by \$19 million, the Town's liabilities also increased by \$3 million, which primarily reflects the increase in capital assets like construction of the raw water pipeline, offset by an increase in long-term liabilities for the wastewater revenue bonds issued in 2008.

Statement of Net Assets for the year ended December 31st (in thousands of dollars...'000s)

	2008	2007	2006	2005
Assets				
Current Assets	\$94,616	\$96,045	\$93,128	\$62,199
Other Assets	1,234	1,058	846	620
Capital Assets	269,956	250,192	209,437	182,224
Total Assets	365,806	347,295	303,411	245,043
Liabilities				
Current Liabilities	112,122	15,811	11,310	6,972
Non-current liabilities	100,349	93,386	81,741	66,134
Total Liabilities	112,471	109,197	93,051	73,106
Net Assets	\$253,335	\$238,098	\$210,360	\$171,937

This balance sheet is presented in much more detail in the Town's complete Comprehensive Annual Financial Report – this is a very high-level summary that captures the category sub-totals and compares them to prior years. This may serve as a useful overall indicator of the Town's financial position and the trend over the last four years.

Income Statement

More formally referred to as the Statement of Activities, the Town's income statement reflects all the financial activity for the Town during the fiscal year ended December 31, 2008. This statement presents information to show how the Town's net assets changed during the year as a result of the financial activity (i.e., revenues and expenses). This is a summarized version of the more detailed income statement found in the Town's complete Comprehensive Annual Financial Report.

Statement of Activities for the year ended December 31st (in thousands of dollars...'000s)

	2008	2007	2006	2005
Revenue	\$36,781	\$46,836	\$54,248	\$55,248
Expenses	(21,544)	(19,098)	(15,904)	(14,187)
Increase in net assets	15,237	27,738	38,344	41,061
Net assets, beginning of year, restated	238,098	210,360	172,016	130,876
Net assets, end of year	\$253,335	\$238,098	\$210,360	\$171,937

The income statement shows that our net assets have increased each year, for the last four years, between \$15 and \$51 million annually. This trend reflects a strong financial performance in areas that fund capital improvements, especially those funded by tap and impact fees.

WHAT THEY'RE SAYING

"Stewardship of the taxpayer's dollar, managing risk, and commitment to accountability and openness are the hallmarks of sound public financial management. The Town of Erie has made remarkable progress in all three areas."

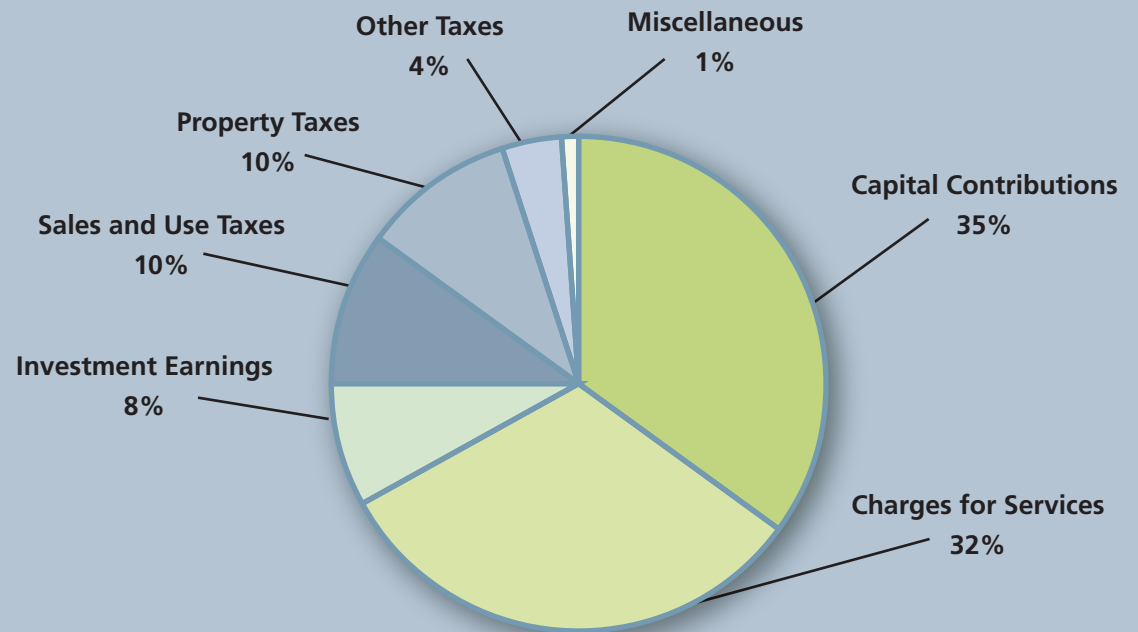
- Colorado State Treasurer
Mark Hillman,
February 2006

Revenues



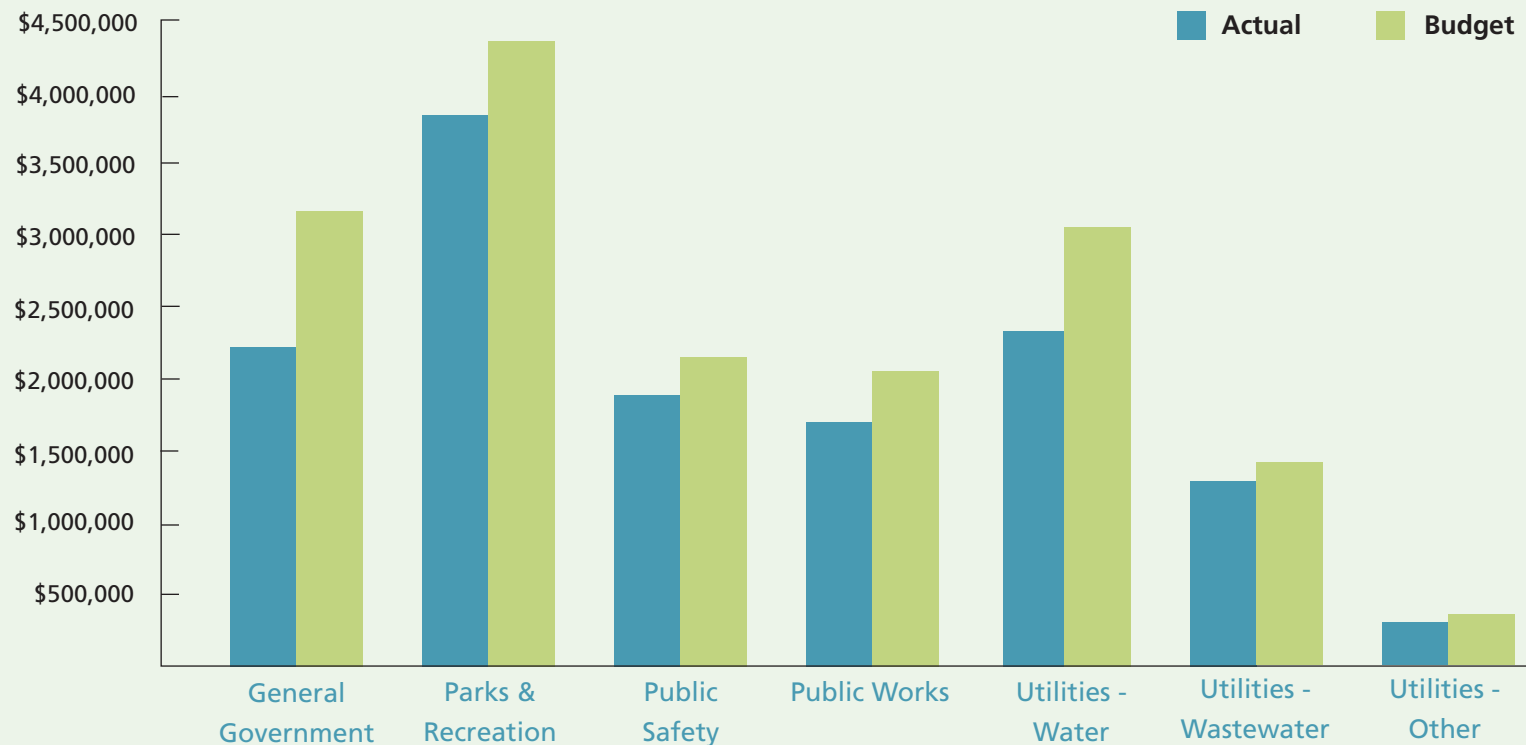
This chart illustrates the variety and percentage of the Town's sources of funding, including taxes, capital contributions, charges for services, licenses and fees and interest income. The Town's primary revenue sources during 2008 include capital contributions, which includes the one-time payments of fees of tap and impact fees, which are used to finance the construction of capital improvements, and charges for services

REVENUE BY SOURCE



Expenses - Budget Versus Actual

This chart presents information for the Town's operating expense categories. The chart indicates the Town spent less than budgeted in all operating expense categories. The difference represents an increase in ending fund balance in 2008.



This schedule is prepared using a budgetary or cash basis of accounting. This is a summarized version of the more detailed schedule of revenues, expenditures and changes in fund balances – actual and budget found in the Town's complete Comprehensive Annual Financial Report. Capital Outlay and Debt Service expense categories are excluded from this chart.

Debt & Financial Ratings

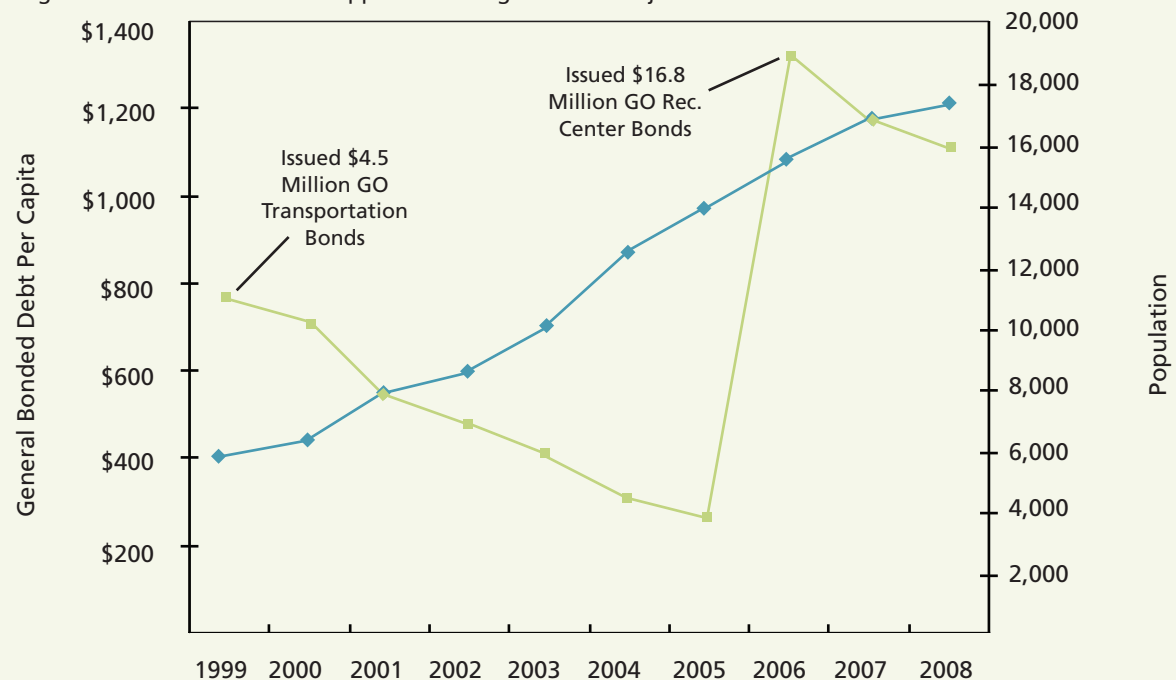
WHAT THEY'RE SAYING

According to Standard & Poor's Credit Analysts, the rationale for Erie's favorable "A" Bond rating for the Town's Water Reclamation Facility financing included: "The wastewater utility system's diverse residential customer base, with strong wealth and income levels and direct access to the Denver metropolitan statistical area;" and "Erie's robust residential growth in the area in the past decade, which has provided the system with substantial tap fees and helped generate a large cash balance equal to more than 11 years of operating expenses."

- Moody's Investor Services,
August 2008

As of December 31, 2008, the Town had two outstanding general obligation bonds totaling \$19.1 million, five water revenue bonds totaling \$38.6 million, four wastewater revenue bond issues totaling \$11.1 million, and three other loans related to storm drainage and the Erie Housing Authority totaling \$1.2 million. Additionally, the Town has \$30 million in outstanding Certificate of Participation, which the Town used to purchase raw water rights in 2005.

The Town's underlying general obligation (GO) bond rating reflects the Town's continued strong financial performance. The Town received its first underlying GO bond rating in 2006: A1 rating from Moody's and A+ from Standard and Poor's. The Town received an underlying rating of A3 from Moody's on its water revenue bonds issued during 2007. The Town received an underlying rating of A3 from Moody's and A from Standard and Poor's on its wastewater revenue bonds issued during 2008. Moody's defines an "A" rating as obligations that are considered upper-medium grade and subject to low credit risk.

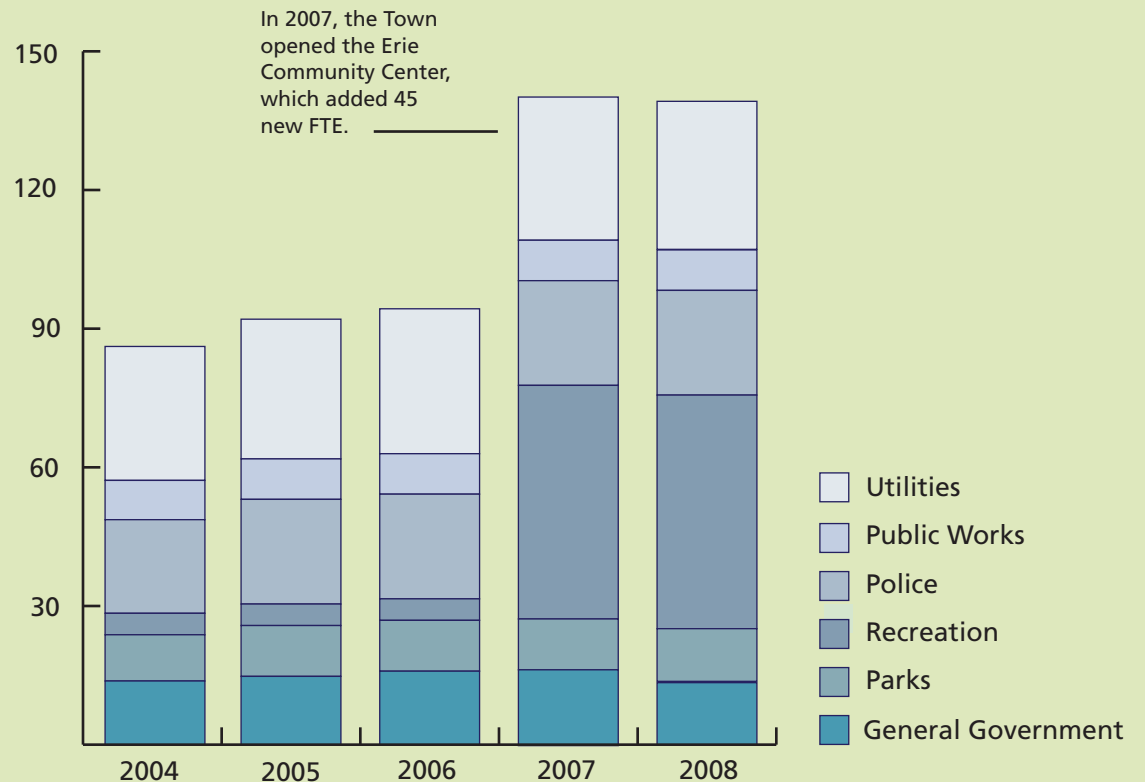


Employee Salaries & Benefits

The Town conducts a market analysis of comparable jobs to update the pay plan on an annual basis. In 2008, the Town adopted an across the board pay plan increase of 3.49% based on the market analysis. Employees are also eligible for a potential merit increase of 2.5%, on average, based on employee performance. Health insurance costs did not increase substantially due to negotiations with the vendors. On average, the Town contributes 74 percent of the health care premium and employees pay 26 percent, comparable with other local municipalities. The costs for other employee benefits, including life and disability insurance remained the same in 2008.

During 2007, the Town added a new department to the organizational structure. The Parks & Recreation Department was created by merging the Parks Maintenance division from Public Works with the Recreation division from Administration. The Parks and Recreation Department is responsible for maintaining parks and creating recreational opportunities in Erie. The newest recreational amenity opened in January 2008, the Erie Community Center. The Recreation Division added 75 staff members during the last two months of 2007 and increased the Town's total full-time equivalents (FTE) by 45.

Number of Full-Time Equivalent (FTE) Employees by Function



Awards

WHAT THEY'RE SAYING

"I am proud to be a resident of Erie. This is where I trained for the Olympics. And because of the good roads and trails in Erie, they helped me prepare for the Beijing Olympic Games."

- Constantina Tomescu-Dita
Olympic Gold Medalist,
February 2009



Contact Information

www.erieco.gov

AIRPORT: 303-664-0633 or 303-926-2870

BOARDS & COMMISSIONS: 303-926-2731

COMMUNITY:

Cemetery (Mt. Pleasant): 303-926-2770

Citizens Police Academy: 303-926-2800

Erie Community Center: 303-926-2550

Erie Community Library: 720-685-5200

Neighborhood Watch: 303-926-2800

DEPARTMENTS:

Administration: 303-926-2710

Community Development: 303-926-2770

Finance: 303-926-2700

Parks & Recreation: 303-926-2790

Police: 303-926-2800

Public Works: 303-926-2870

ECONOMIC DEVELOPMENT:

Business Assistance: 303-926-2764

EMERGENCY SERVICES:

Emergency: 911

Poison Control: 1-800-222-1222

Police Dispatch Non-Emergency: 303-441-4444

Fire Department Non-Emergency: 303-772-0710

Police Department Administration: 303-926-2800

Emergency Preparedness: 303-926-2764

EMPLOYMENT / HUMAN RESOURCES:

303-926-2745

INFORMATION RESOURCES:

Erie Government TV & Website: 303-926-2761

Public Information & Media Liaison: 303-926-2764

Public Records: 303-926-2731

Website: www.erieco.gov

PARKS & RECREATION:

Active Adults 60+ Program: 303-926-2795

Erie Community Center: 303-926-2550

Parks: 303-926-2887

Recreation: 303-926-2550

PERMITS & LICENSES:

Building Inspections & Permits: 303-926-2780

Business/Home Occupation License:

303-926-2731

Dog Licensing: 303-926-2700

Special Events Permit: 303-926-2731

PLANNING & ZONING:

Community Development Department:

303-926-2770

POLICE & COURTS:

Code Enforcement: 303-926-2800

Municipal Court: 303-926-2851

Police Department Administration: 303-926-2800

Police Records: 303-926-2800

VOTER REGISTRATION & ELECTION INFORMATION:

Town Clerk: 303-926-2731

WATER & WASTEWATER:

Utility Billing: 303-926-2752

Water Reclamation Facility: 303-926-2895

Water Treatment Facility: 303-926-2860

The purpose of the Popular Annual Financial Report is to provide an overview of the financial position and operations of the Town of Erie, as reported in the Town's Comprehensive Annual Financial Report (CAFR), along with other information of interest. The financial information presented here is in summarized and condensed form, and does not substitute for the Town's CAFR. The CAFR outlines the Town's financial position and operating activities each year presented in conformity with generally accepted accounting principles. The Popular Annual Financial Report does not conform to generally accepted accounting principles and associated standards as set forth by the applicable governing bodies, but is suitable for those readers who prefer an overview or summary of the Town government and its financial condition. Some of the information is from the Town's Annual Budget. Both the Town's CAFR and Annual Budget have received awards for outstanding financial reporting from the Government Finance Officers Association. The CAFR, Annual Budget and Annual Report are available at Town Hall and the Town's website www.erieco.gov.



Town of Erie, Colorado

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